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Delfont Mackintosh Theatres Limited

Report and Financial Statements

52 Weeks Ended

25 March 2018

Company Number 2518625



Delfont Mackintosh Theatres Limited

**Report and financial statements
for the 52 weeks ended 25 March 2018**

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Directors

Sir Cameron Mackintosh
N D Allott OBE
R A Johnston
A Finch CBE

Secretary and registered office

R T Knibb, 1 Bedford Square, London, WC1B 3RB

Company number

2518625

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Delfont Mackintosh Theatres Limited

Strategic report for the 52 weeks ended 25 March 2018

The directors present their strategic report together with the audited financial statements of the company for the 52 weeks ended 25 March 2018.

Principal activities and future developments

The principal activity of the company continues to be the ownership, management, restoration and refurbishment of 8 theatres in London's West End.

The company has had a successful year with Aladdin at the Prince Edward Theatre; The Book of Mormon at the Prince of Wales Theatre; Les Miserables at the Queens Theatre; Half a Sixpence, Labour of Love and Girl from the North Country at the Noel Coward Theatre; Mamma Mia! at the Novello Theatre; The Curious Incident of the Dog at Night Time and The Ferryman at the Gielgud Theatre; Don Juan in Soho, Lady Day, Heisenberg, Sarah Pascoe and Long Day's Journey into the Night at the Wyndham's Theatre. After an eighteen month closure period for major restoration and refurbishment works The Victoria Palace Theatre reopened with the smash hit musical Hamilton.

The company continues its theatre restoration and refurbishment programme with further major ongoing works at the Queens and Victoria Palace theatres.

Key performance indicators

The Board drives business performance through the setting of clearly defined budgets from which it derives key performance indicators (KPI's) taking appropriate action where required to enhance the financial results of the business.

The key areas of focus are:

- Attendance figures and how they compare to budget.
- Advance bookings and how they compare to budget.
- Operating margins at each venue and how they compare to budget.
- Overhead spend and how it compares to budget and prior-year.
- Debtors in absolute and debtor days, including trends.

Principal risks and uncertainties

The principal activity of the company, that of the management and operation of theatres in London's West End, carries a degree of risk due to the fact that it relies to a large extent on the success or otherwise of the shows in its theatres and competition to attract and stage quality productions remains strong. The company is also sensitive to wider macro-economic trends.

Delfont Mackintosh Theatres Limited

Strategic report (continued) for the 52 weeks ended 25 March 2018

Financial risks

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. The directors monitor these risks on an ongoing basis and do not consider them to be significant.

The company's risk mitigation policy, in respect of credit risk, is to only deal with established reputable companies. The board does not consider this to be a significant risk.

The company does not consider interest rate risk to be significant. The company holds its cash reserves in a mixture of short term deposits and current accounts which earn interest at a floating rate.

The working capital requirements of the company are funded principally out of the company's cash reserves.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the 52 weeks ended 25 March 2018.

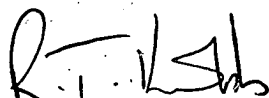
Turnover has increased during the year by £6,111,938 (13.9%), to £49,953,689 (26 March 2017 - £43,841,751), primarily as a result of the reopening of The Victoria Palace Theatre in December 2017.

Profits before taxation have decreased by £7,082,096 (57.3 %) to £5,271,737 (26 March 2017 - £12,353,833), primarily as a result of the cost of the extensive restoration and refurbishment works undertaken at The Victoria Palace Theatre and associated one off costs of re-opening the venue in conjunction with an exceptional charge relating to the ongoing theatre refurbishment programme.

The directors do not recommend the payment of a dividend (26 March 2017 - £Nil).

Approval

This strategic report was approved on behalf of the Board on 11/12/18.



R T Knibb

Company Secretary

Delfont Mackintosh Theatres Limited

Directors' report for the 52 weeks ended 25 March 2018

The directors present their report together with the audited financial statements of the company for the 52 weeks ended 25 March 2018.

Strategic report

A review of the business for the 52 weeks ended 25 March 2018 including discussion of key performance indicators is included in the Strategic report on page 1.

Political and charitable donations

During the year, the company made charitable contributions of £10,310 (26 March 2017 - £11,983).

There were no political donations (26 March 2017 - £Nil).

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee involvement

The company operates a policy of communicating with employees through a combination of meetings and electronic communication.

Directors

The directors of the company during the year were:

Sir Cameron Mackintosh
N D Allott OBE
R A Johnston
A Finch CBE

Delfont Mackintosh Theatres Limited

Directors' report for the 52 weeks ended 25 March 2018 (continued)

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



R T Knibb

Secretary

Date 11/12/18

Delfont Mackintosh Theatres Limited

Independent auditor's report

TO THE MEMBERS OF DELFONT MACKINTOSH THEATRES LIMITED

We have audited the financial statements of Delfont Mackintosh Theatres Limited ("the Company") for the 52 weeks ended 25 March 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 March 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Delfont Mackintosh Theatres Limited

Independent auditor's report (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Delfont Mackintosh Theatres Limited

Independent auditor's report (*continued*)

Responsibilities of Directors

As explained more fully in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Viner (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 11/12/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Delfont Mackintosh Theatres Limited

Statement of comprehensive income for the 52 weeks ended 25 March 2018

	Note	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
Turnover	2	49,953,689	43,841,751
Cost of sales		36,191,504	25,337,692
Gross profit		13,762,185	18,504,059
Administrative expenses		8,377,991	6,205,735
Operating profit	5	5,384,194	12,298,324
Interest receivable	6	12,308	198,886
Interest payable	7	(124,765)	(143,377)
Profit on ordinary activities before taxation		5,271,737	12,353,833
Taxation on profit on ordinary activities	8	1,254,332	2,141,031
Profit on ordinary activities after taxation and total comprehensive income		4,017,405	10,212,802

All amounts relate to continuing activities.

The total comprehensive income is all attributable to the owners of the parent company.

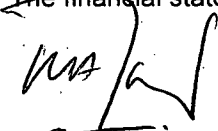
The notes on pages 12 to 22 form part of these financial statements

Delfont Mackintosh Theatres Limited

Balance sheet at 25 March 2018

Company number 2518625	Note	25 March 2018 £	25 March 2018 £	26 March 2017 £	26 March 2017 £
Fixed assets					
Tangible assets	9		142,874,352		107,534,124
Investments	10		24,796,921		24,796,921
			<u>167,671,273</u>		<u>132,331,045</u>
Current assets					
Stock	11	153,669		120,291	
Debtors	12	7,023,156		7,151,188	
Cash at bank and in hand		28,047,438		56,161,957	
			<u>35,224,263</u>	63,433,436	
Creditors: amounts falling due within one year	13	73,049,472		69,386,406	
Net current liabilities			<u>(37,825,209)</u>		<u>(5,952,970)</u>
Total assets less current liabilities			129,846,064		126,378,075
Creditors: amounts falling due after more than one year	14		6,176,360		7,176,360
Provisions for liabilities and charges	15		5,760,757		5,310,173
			<u>117,908,947</u>		<u>113,891,542</u>
Capital and reserves					
Called up share capital	16		122,002		122,002
Share premium account			19,980,000		19,980,000
Profit and loss account			97,806,945		93,789,540
Shareholders' funds			<u>117,908,947</u>		<u>113,891,542</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11/12/18.


R A Johnston
Director

The notes on pages 12 to 22 form part of these financial statements

Delfont Mackintosh Theatres Limited

Statement of cash flows for the 52 weeks ended 25 March 2018

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
Cash flows from operating activities		
Profit for the financial year	4,017,405	10,212,802
Adjustments for:		
Depreciation of fixed assets	1,798,783	1,765,231
Taxation expense	1,254,332	2,141,031
Interest received	(12,308)	(198,886)
Interest paid	124,765	143,377
Decrease/(Increase) in trade and other debtors	128,032	1,136,741
(Increase) in stock	(33,378)	(4,661)
Increase in trade and other creditors	4,902,166	20,946,135
Cash from operations	12,179,797	36,141,770
Interest paid	(124,765)	(143,377)
Taxation paid	(2,042,848)	(2,576,496)
Net cash generated from operating activities	10,012,184	33,421,897
Cash flows from investing activities		
Purchases of tangible fixed assets	(1,016,614)	(1,133,526)
Assets under construction	(36,122,397)	(13,110,618)
Interest received	12,308	198,866
Net cash from investing activities	(37,126,703)	(14,045,278)
Cash flows from financing activities		
Repayment of long term intercompany loan	(1,000,000)	(1,000,000)
Net cash used in financing activities	(1,000,000)	(1,000,000)
Net (decrease)/increase in cash and cash equivalents	(28,114,519)	18,376,619
Cash and cash equivalents at beginning of year	56,161,957	37,785,338
Cash and cash equivalents at end of year	28,047,438	56,161,957
Cash and cash equivalents comprise:		
Cash at bank and in hand	28,047,438	56,161,957
	28,047,438	56,161,957

The notes on pages 12 to 22 form part of these financial statements

Delfont Mackintosh Theatres Limited

Statement of changes in equity for the 52 weeks ended 25 March 2018

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
28 March 2016	122,002	19,980,000	83,576,738	103,678,740
Comprehensive income for the year				
Profit for the year	-	-	10,212,802	10,212,802
26 March 2017	122,002	19,980,000	93,789,540	113,891,542
	122,002	19,980,000	93,789,540	113,891,542
27 March 2017	122,002	19,980,000	93,789,540	113,891,542
Comprehensive income for the year				
Profit for the year	-	-	4,017,405	4,017,405
25 March 2018	122,002	19,980,000	97,806,945	117,908,947

The company's reserves are as follows:

- Share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

The notes on pages 12 to 22 form part of these financial statements

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the 52 weeks ended 25 March 2018

1 Accounting policies

Delfont Mackintosh Theatres Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Turnover

Turnover represents income derived in the United Kingdom from the company's share of box office receipts and contra recharges charged to producers of shows presented in the company's theatres, the sale of liquor and other goods to theatre patrons, rent receivable, royalties and sundry income, excluding value added tax.

Turnover includes operating lease income from the rental of its theatres. The rental income is recognised on a straight line basis over the year of the lease.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Plant and machinery, fixtures, fittings, tools and equipment - 5%-33% per annum

Freehold theatre buildings, consisting of the fabric of the buildings are not depreciated. The buildings are maintained to a very high standard and the costs of maintenance are charged to the profit and loss account as incurred. Consequently the directors believe that after taking account of the residual value of the theatres based on ("the estimated amount that would be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in a condition expected at the end of its useful life") no depreciation is required. An impairment review of the theatres is carried out annually by the directors and any impairment would be charged through the profit and loss account in the year in which it was identified.

Freehold land is not depreciated.

Long leasehold land and buildings is depreciated over the term of the lease.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the 52 weeks ended 25 March 2018 (continued)

1 Accounting policies (continued)

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis, are re-measured to market value at each balance sheet.

Stock

Stock is included at the lower of cost and net realisable value.

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand less overdrafts payable on demand. These have been offset under a legal right of set off granted by the company's bankers.

Leased assets: Lessor

Where assets are leased to a third party that do not transfer rights approximating to ownership, the arrangements are treated as operating leases. These annual rentals are charged to the profit and loss account as income on a straight-line basis over the term of the lease.

Leased assets: Lessee

Where assets are financed by leasing agreements that do not transfer rights approximately to ownership the arrangements are treated as operating leases. These annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the 52 weeks ended 25 March 2018 (continued)

1 Accounting policies (continued)

- Depreciation of tangible fixed assets occurs when the asset is capable of operating as management intended. For assets under construction this can be judgemental and based on a variety of criteria, including but not limited to; actual spend against budget, availability of the asset for use in the business, external reports from third party surveyors. Each asset under construction is considered on a case by case basis.

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 9)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 Turnover

All turnover is generated in the UK from the company's principal activity.

3 Employees

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
Staff costs consist of:		
Wages and salaries	14,910,660	13,784,652
Social security costs	1,675,535	1,468,344
Staff welfare and pension costs	249,962	224,267
	<u>16,836,157</u>	<u>15,477,263</u>

The above costs have been charged to the profit and loss account in arriving at the trading profit for the year and include directors' emoluments. They include payroll costs amounting to £10,747,485 (26 March 2017 - £9,807,740) borne by visiting production companies.

	52 weeks ended 25 March 2018 Number	52 weeks ended 26 March 2017 Number
The average number of employees, including directors, during the year was:		
Theatre management and technical staff	524	488
Administration	46	42
	<u>570</u>	<u>530</u>

Delfont Mackintosh Theatres Limited

**Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)**

4 Directors

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
Directors' emoluments (excluding pension contributions)	507,345	497,196

Emoluments of the highest paid director (excluding pension contributions) amounted to £507,345.

The aggregate company contributions towards defined contribution pension schemes for directors was £Nil (26 March 2017 - £Nil). Key management personnel include all directors across the company who together have authority and responsibility for planning, directing and controlling the activities of the company.

5 Operating profit

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,798,783	1,765,231
Exceptional restoration and refurbishment cost	6,468,723	-
Hire of plant and machinery	30,656	37,023
Auditors' remuneration and expenses		
- audit services	61,200	54,300
- tax services	11,550	10,300
Aggregate rentals receivable under operating leases	(394,306)	(316,437)
Hire of other assets - operating leases	112,800	112,800

6 Interest receivable

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
Bank interest receivable	12,308	198,886

7 Interest payable

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
Interest payable to parent company	124,765	143,377

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)

8 Taxation

	52 weeks ended 25 March 2018 £	52 weeks ended 26 March 2017 £
UK corporation tax	821,804	2,432,904
Overprovision in respect of previous years	(18,056)	94
Total current tax charge	803,748	2,432,998
Deferred tax charge	435,237	(181,355)
Adjustments in respect of previous years	15,347	(22,148)
Effect of tax rate change on opening balances	-	(88,464)
	1,254,332	2,141,031

The tax assessed for the year is lower (26 March 2017 - lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks ended 25 March 2018 £	52 weeks ended 27 March 2017 £
Profit on ordinary activities before tax	5,271,737	12,353,833
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19 % (26 March 2017 - 20%)	1,002,208	2,470,767
Effects of:		
Fixed asset differences	36,325	37,825
Expenses not deductible for tax purposes	311,296	22,609
Additional deduction for land remediation expenditure	(14,083)	(24,316)
Adjustment to tax charge in respect of previous periods	(18,056)	94
Adjustment to tax charge in respect of previous periods – deferred tax	15,347	(22,148)
Victoria Palace fair value deferred tax liability	(24,341)	(244,238)
Adjust closing deferred tax average to 17%	(241,517)	(276,491)
Adjust opening deferred tax average to 17%	187,153	176,929
Current tax charge for year	1,254,332	2,141,031

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (*continued*)

9 Tangible assets

	Long leasehold land and buildings £	Freehold land and buildings £	Plant and machinery, fixtures fittings, tools and equipment £	Assets under construction £	Total £
<i>Cost</i>					
At 26 March 2017	24,195,578	57,767,543	30,620,761	15,361,355	127,945,237
Additions	150,024		866,590	36,122,397	37,139,011
At 25 March 2018	24,345,602	57,767,543	31,487,351	51,483,752	165,084,248
<i>Depreciation</i>					
At 26 March 2017	2,168,071	2,489,728	15,753,314	-	20,411,113
Charge for year	191,075	-	1,607,708	-	1,798,783
At 25 March 2018	2,359,146	2,489,728	17,361,022	-	22,209,896
<i>Net book value</i>					
At 25 March 2018	21,986,456	55,277,815	14,126,329	51,483,752	142,874,352
At 26 March 2017	22,027,507	55,277,815	14,867,447	15,361,355	107,534,124

Certain of the company's long leasehold and freehold land and buildings are currently leased out under operating leases.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)

10 Fixed assets investments

	£
Cost	
At 26 March 2017	24,796,921
	<hr/>
At 25 March 2018	24,796,921
	<hr/>

In the opinion of the directors the value of the company's interests in subsidiary companies is not less than the amounts at which they are included in the balance sheet.

Company	Description shares held	Proportion of normal value of issued share held	Nature of business
The Prince of Wales Theatre Limited*	Ordinary	100%	Theatre Management & Operation - Dormant
Prince Edward Theatre Limited*	Ordinary	100%	Theatre Management & Operation - Dormant
Victoria Palace Theatre Limited*	Ordinary	100%	Holding company - Dormant
Victoria Palace*	Ordinary	100%*	Theatre Management & Operation - Dormant

The above companies are incorporated and registered in England.

* Registered office address for above companies at 1 Bedford Square, London, WC1B 3RB

11 Stock

	25 March 2018 £	26 March 2017 £
Goods for resale	153,669	120,291
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Delfont Mackintosh Theatres Limited

**Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)**

12 Debtors

	25 March 2018 £	26 March 2017 £
Trade debtors	4,404,945	2,996,865
Other debtors	304,744	197,341
Prepayments and accrued income	2,313,467	3,956,982
	<u>7,023,156</u>	<u>7,151,188</u>

All amounts fall due for payment within one year.

13 Creditors: amounts falling due within one year

	25 March 2018 £	26 March 2017 £
Trade creditors	3,085,483	4,454,091
Amounts due to ultimate parent company		
- intercompany account	1,162,977	1,099,775
- current element of loan	1,000,000	1,000,000
Other creditors	1,371,440	628,682
Taxation and social security	839,701	3,239,330
Accruals and deferred income	40,145,232	32,297,571
Corporation tax payable	-	1,222,318
Amount due to subsidiary entity	25,444,639	25,444,639
	<u>73,049,472</u>	<u>69,386,406</u>

14 Creditors: amounts falling due after more than one year

	25 March 2018 £	26 March 2017 £
Amounts owed to subsidiary undertakings	200	200
Amounts owed to ultimate parent Company - long term element of loan	6,176,160	7,176,160
	<u>6,176,360</u>	<u>7,176,360</u>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)

14 Creditors: amounts falling due after more than one year (continued)

The amounts above are repayable as follows

	Ultimate parent company 25 March 2018 £	Ultimate parent company 25 March 2017 £	Subsidiary undertakings 26 March 2018 £	Subsidiary undertakings 26 March 2017 £
In more than 1 year but not more than 2 years	1,000,000	1,000,000	1,000,000	1,000,000
In more than 2 years but not more than 5 years	4,000,000	4,000,000	4,000,000	4,000,000
In more than 5 years	1,176,160	2,176,160	1,176,160	2,176,160
	<u>6,176,160</u>	<u>7,176,160</u>	<u>6,176,160</u>	<u>7,176,160</u>

Interest is payable on the above loan at market rate. This is repayable in quarterly instalments over the loan term.

15 Provision for liabilities and charges

Company	Deferred taxation £
At 28 March 2017	5,310,173
Deferred taxation recognised on hive up	
Charge to profit and loss account	450,584
	<hr/>
At 25 March 2018	5,760,757
	<hr/>
<i>Deferred taxation</i>	
	<div> <div>25 March 2018 £</div> <div>26 March 2017 £</div> </div>
Accelerated capital allowances	2,054,964
Deferred taxation on acquisition fair values of Victoria Palace	3,743,393
Short term timing differences	(16,198)
	<hr/>
	5,760,757
	<hr/>
	5,310,173

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)

16 Called up share capital

	25 March 2018 £	26 March 2017 £
<i>Authorised, allotted, called up and fully paid</i>		
122,002 (26 March 2017 - 122,002) ordinary shares of £1 each	122,002	122,002

17 Pension contributions

The Delfont Mackintosh Company operates the Delfont Mackintosh Group Personal Pension Scheme.

There was a pension amount of £539 outstanding as at 25th March 2018 (26 March 2017 - £629).

18 Commitments under operating leases

As at 25 March 2018, annual commitments under non-cancellable operating leases as set out below:

Lessee	25 March 2018 Land and buildings £	25 March 2018 Other £	26 March 2017 Land and buildings £	26 March 2017 Other £
Operating leases which expire:				
Within one year	112,800	9,176	112,800	9,176
In two to five years	451,200	-	451,200	9,176
After five years	14,212,800	-	14,325,600	-
	<u>14,776,800</u>	<u>9,176</u>	<u>14,889,600</u>	<u>18,352</u>

As at 25 March 2018 there were rentals receivable under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

Leases receivable

	25 March 2018 Property Rental £	26 March 2017 Property Rental £
Rental Leases due:		
Within one year	322,425	319,800
In two to five years	1,251,400	1,335,200
After five years	2,000,000	2,250,000
	<u>3,573,825</u>	<u>3,905,000</u>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 25 March 2018 (continued)

19 Ultimate controlling party

The company's immediate and ultimate parent company is Cameron Mackintosh Limited. The company's ultimate controlling party is Sir Cameron Mackintosh.

The smallest and largest group in which the results of the company are consolidated is headed by Cameron Mackintosh Limited, incorporated and registered in England.

20 Related party transactions

During the year rental charges of £112,800 (26 March 2017 - £112,800) were paid to Sir Cameron Mackintosh, the ultimate controlling party, by the company in respect of rent due for the Queens and Gielgud Theatre.

During the year, purchases of £31,577 (26 March 2017 - £35,104) were made on normal trading terms from Mackintosh Catering, a business in which N Mackintosh, Sir Cameron Mackintosh's brother, has a controlling interest. At 25 March 2018, £1,188 (26 March 2017 - £Nil) was owed to Mackintosh Catering.

21 Financial instruments

The Company's financial instruments may be analysed as follows:

	25 March 2018 £'000	26 March 2017 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	32,757,127	59,356,163
Financial liabilities		
Financial liabilities measured at amortised cost	40,504,307	41,367,977

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise amounts due to related parties, trade creditors, other creditors, contingent consideration and accruals.

The financial risks are discussed in the Strategic Report.